Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 FEA-01

INT-05 TAR-01 AGR-05 CIAE-00 DODE-00 PM-03 H-01

INR-07 L-02 NSAE-00 PA-01 PRS-01 USIA-06 /083 W ------- 114985

R 311610Z JAN 75 FM AMEMBASSY GUATEMALA TO SECSTATE WASHDC 5745 INFO AMEMBASSY BUENOS AIRES AMEMBASSY MANAGUA AMEMBASSY TEGUCIGALPA AMEMBASSY SAN JOSE AMEMBASSY SAN SALVADOR

CONFIDENTIAL GUATEMALA 0587

E.O. 11652: GDS TAGS: PFOR, GT

SUBJECT: POSTPONEMENT OF BA-MFM

REF: STATE 021494; GUATEMALA 0570

1. EMBOFF CALLED ON MINECON PALOMO JANUARY 30 TO PRESENT HIM WITH COPIES DEPARTMENT'S STATEMENT AND REMARKS MADE BY SECRETARY PER REFTEL INSTRUCTIONS. MINISTER TOOK OPPORTUNITY TO DISCUSS HIS PERSONAL AND GOG VIEWS RE TRADE ACT ISSUE AND POSTPONEMENT BA-MFM. FOR PALOMO, AS PRACTICAL MATTER, POSTPONEMENT WAS ADVISABLE SINCE COURSE OF EVENTS WAS RUNNING TOWARD CONFRONTATION THAT COULD NOT BE AVOIDED. LOOKING BEYOND THAT IMMEDIATE PROBLEM THAT POSTPONEMENT SKIRTED, PALOMO SEES WHAT HE CALLED A PROBLEM OF "IMAGE". BY THAT HE MEANT THE MANNER IN WHICH THE HEMISPHERE VIEWS THE NEW DIALOGUE. HOW TO RESTORE THE IMAGE THAT THE DIALOGUE POSSESSED IS THE PROBLEM, BUT HE HAS NO IDEAS OTHER THAN TO HOPE THAT TIME WILL CALM MATTERS. AS FOR THE GOG, PALOMO AGAIN CONFIDENTIAL

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STRESSED THE MIDDLE COURSE THAT IT IS SEEKING TO PURSUE.

2. THAT THE COURSE IS IN THE MIDDLE IS DUE NOT ONLY TO THE FACT THAT GUATEMALA IS CAUGHT BETWEEN PRESSURES FROM GOV AND OTHER LA ACTIVISTS AND ITS OWN PREFERENCE FOR AMICABLE RELATIONS WITH USG. IT ADDITION, IT IS CAUGHT BETWEEN DESIRE FOR GSP BENEFITS AND WHAT APPEARS TO BE GENUINE FEAR THAT A FUTURE USG ADMINISTRATION MIGHT EMPLOY SECTION 502 (B) (2) AGAINST GUATEMALA. PALOMO EXPRESSED AGREEMENT WITH OPINION REPEATEDLY PROVIDED BY EMBASSY THAT CURRENT BEST READING OF SECTION LIMITS ITS APPLICATION TO PETROLEUM. NOTWITHSTANDING THAT UNDERSTANDING, HE ARGUES THAT TEXT WOULD PERMIT A FUTURE ADMINISTRATION TO ACT UPON A BROADER INTERPRETATION AND, ALTHOUGH THE GOG MIGHT SUBSEQUENTLY AND SUCCESSFULLY SEEK REDRESS BY ARGUING THE TRUE INTENT OF THE ACT, THE DAMAGE WOULD HAVE BEEN DONE. IN BRIEF, IT IS NOT ONLY FOR SAKE OF LA SOLIDARITY THAT GOG WOULD LIKE TO SEE ACT AMENDED.

3. TURNING TO ISSUE OF LA SOLIDARITY, IT IS AN OBVIOUSLY MAJOR FACTOR IN THE ISSUE AT THE MOMENT. PALOMO, HOWEVER, HINTED AT THE FAINTEST CRACK IN THAT FACADE. HE NOTED THAT THE GOV ARGUMENT THAT THE USG, THROUGH ENACTMENT OF TRADE ACT, HAD PLACED ITSELF IN VIOLATION OF OAS CHARTER WAS AN ARGUEMENT THAT COULD EASILY AND JUSTIFIABLY BE TURNED AGAINST THE GOV. RECOGNITION OF THE OBVIOUS DOES NOT IMPLY, OF COURSE, THAT THE GOG WILL TAKE THE LEAD IN PUBLICLY POINTING OUT THE OBVIOUS.

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